

AMENDED IN ASSEMBLY APRIL 1, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2537**

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**Introduced by Assembly Member Grove**

February 21, 2014

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~~An act to amend Section 17015 of the Revenue and Taxation Code, relating to taxation. An act to add Sections 17053.37 and 23637 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 2537, as amended, Grove. ~~Personal income tax. Income taxes:~~ *credits: water-conserving plumbing fixtures.*

*The Personal Income Tax Law and the Corporation Tax Law allow various credits against the taxes imposed by those laws.*

*This bill, for taxable years beginning on or after January 1, 2014, would allow a credit equal to 25% of the amount paid or incurred by a qualified taxpayer for the installation of one or more water-conserving plumbing fixtures to replace a noncompliant plumbing fixture on qualified real property in this state, as specified. The bill would provide that the credit would not exceed \$2,500 per taxable year.*

*This bill would take effect immediately as a tax levy.*

~~The Personal Income Tax Law defines a “nonresident” as every individual other than a resident.~~

~~This bill would make a technical, nonsubstantive change to that provision.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     *SECTION 1. The Legislature finds and declares all of the*  
2     *following:*

3     *(a) There is a pressing need to address water supply reliability*  
4     *issues raised by growing urban and agricultural areas.*

5     *(b) There are many water conservation practices that produce*  
6     *significant energy and other resource savings that should be*  
7     *encouraged as a matter of state policy.*

8     *(c) California law requires, for all building alterations or*  
9     *improvements to a single-family residential property, a permit*  
10    *applicant to replace all noncompliant plumbing fixtures with*  
11    *water-conserving plumbing fixtures as a condition to be issued a*  
12    *certificate of final completion and occupancy or final permit*  
13    *approval by the local building department.*

14    *(d) California law also requires, by January 1, 2019, that all*  
15    *noncompliant plumbing fixtures in multifamily residential real*  
16    *property and commercial real property be replaced with*  
17    *water-conserving plumbing fixtures.*

18    *(e) In furtherance of the current and ongoing water conservation*  
19    *efforts throughout the state, it is the intent of this act to provide*  
20    *financial relief and incentives for qualified taxpayers replacing*  
21    *or installing water-conserving plumbing fixtures for residential*  
22    *and commercial real property.*

23    *SEC. 2. Section 17053.37 is added to the Revenue and Taxation*  
24    *Code, to read:*

25    *17053.37. (a) For each taxable year beginning on or after*  
26    *January 1, 2014, there shall be allowed as a credit against the*  
27    *“net tax,” as defined in Section 17039, an amount equal to 25*  
28    *percent of the amount paid or incurred during the taxable year by*  
29    *a qualified taxpayer for the installation of one or more*  
30    *water-conserving plumbing fixtures by a licensed plumber to*  
31    *replace a noncompliant plumbing fixture on qualified real property*  
32    *in this state.*

33    *(b) The credit under this section shall not exceed two thousand*  
34    *five hundred dollars (\$2,500) per taxable year per qualified*  
35    *taxpayer.*

36    *(c) For the purposes of this section, the following definitions*  
37    *shall apply:*

38    *(1) (A) “Qualified real property” means any of the following:*

1 (i) *Commercial real property.*

2 (ii) *Multifamily residential real property.*

3 (iii) *Single-family residential real property.*

4 (B) *“Qualified real property” does not mean any real property*  
5 *for which water service is permanently disconnected.*

6 (2) *“Commercial real property” means any real property that*  
7 *is improved with, or consisting of, a building that is intended for*  
8 *commercial use, including hotels and motels, that is not a*  
9 *single-family residential real property or a multifamily residential*  
10 *real property.*

11 (3) *“Multifamily residential real property” means any real*  
12 *property that is improved with, or consisting of, a building*  
13 *containing more than one unit that is intended for human*  
14 *habitation, or any mixed residential-commercial buildings or*  
15 *portions thereof that are intended for human habitation.*  
16 *Multifamily residential real property includes residential hotels*  
17 *but does not include hotels and motels that are not residential*  
18 *hotels.*

19 (4) *“Single-family residential real property” means any real*  
20 *property that is improved with, or consisting of, a building*  
21 *containing not more than one unit that is intended for human*  
22 *habitation.*

23 (5) *“Noncompliant plumbing fixture” means any of the*  
24 *following:*

25 (A) *Any toilet manufactured to use more than 1.6 gallons of*  
26 *water per flush.*

27 (B) *Any urinal manufactured to use more than one gallon of*  
28 *water per flush.*

29 (C) *Any showerhead manufactured to have a flow capacity of*  
30 *more than 2.5 gallons of water per minute.*

31 (D) *Any interior faucet that emits more than 2.2 gallons of water*  
32 *per minute.*

33 (6) *“Qualified taxpayer” means the owner of any qualified real*  
34 *property.*

35 (7) *“Water-conserving plumbing fixture” means any fixture*  
36 *that is in compliance with current building standards applicable*  
37 *to a newly constructed real property of the same type.*

38 (d) *The qualified taxpayer shall obtain a certification from a*  
39 *licensed plumber that the plumber installed a water-conserving*

1 *plumbing fixture to replace a noncompliant plumbing fixture on*  
2 *qualified real property in this state.*

3 *SEC. 3. Section 23637 is added to the Revenue and Taxation*  
4 *Code, to read:*

5 *23637. (a) For each taxable year beginning on or after*  
6 *January 1, 2014, there shall be allowed as a credit against the*  
7 *“tax,” as defined in Section 23036, an amount equal to 25 percent*  
8 *of the amount paid or incurred during the taxable year by a*  
9 *qualified taxpayer for the installation of one or more*  
10 *water-conserving plumbing fixtures by a licensed plumber to*  
11 *replace a noncompliant plumbing fixture on qualified real property*  
12 *in this state.*

13 *(b) The credit under this section shall not exceed two thousand*  
14 *five hundred dollars (\$2,500) per taxable year per qualified*  
15 *taxpayer.*

16 *(c) For the purposes of this section, the following definitions*  
17 *shall apply:*

18 *(1) (A) “Qualified real property” means any of the following:*

19 *(i) Commercial real property.*

20 *(ii) Multifamily residential real property.*

21 *(iii) Single-family residential real property.*

22 *(B) “Qualified real property” does not mean any real property*  
23 *for which water service is permanently disconnected.*

24 *(2) “Commercial real property” means any real property that*  
25 *is improved with, or consisting of, a building that is intended for*  
26 *commercial use, including hotels and motels, that is not a*  
27 *single-family residential real property or a multifamily residential*  
28 *real property.*

29 *(3) “Multifamily residential real property” means any real*  
30 *property that is improved with, or consisting of, a building*  
31 *containing more than one unit that is intended for human*  
32 *habitation, or any mixed residential-commercial buildings or*  
33 *portions thereof that are intended for human habitation.*  
34 *Multifamily residential real property includes residential hotels*  
35 *but does not include hotels and motels that are not residential*  
36 *hotels.*

37 *(4) “Single-family residential real property” means any real*  
38 *property that is improved with, or consisting of, a building*  
39 *containing not more than one unit that is intended for human*  
40 *habitation.*

1 (5) “Noncompliant plumbing fixture” means any of the  
2 following:

3 (A) Any toilet manufactured to use more than 1.6 gallons of  
4 water per flush.

5 (B) Any urinal manufactured to use more than one gallon of  
6 water per flush.

7 (C) Any showerhead manufactured to have a flow capacity of  
8 more than 2.5 gallons of water per minute.

9 (D) Any interior faucet that emits more than 2.2 gallons of water  
10 per minute.

11 (6) “Qualified taxpayer” means the owner of any qualified real  
12 property.

13 (7) “Water-conserving plumbing fixture” means any fixture  
14 that is in compliance with current building standards applicable  
15 to a newly constructed real property of the same type.

16 (d) The qualified taxpayer shall obtain a certification from a  
17 licensed plumber that the plumber installed a water-conserving  
18 plumbing fixture to replace a noncompliant plumbing fixture on  
19 qualified real property in this state.

20 SEC. 4. This act provides for a tax levy within the meaning of  
21 Article IV of the Constitution and shall go into immediate effect.

22 SECTION 1. ~~Section 17015 of the Revenue and Taxation Code~~  
23 ~~is amended to read:~~

24 17015. “Nonresident” means an individual other than a resident.